GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:1978
ANSWERED ON:13.03.2008
INVESTMENT BY CPSES IN SHARE MARKET
Badiga Shri Ramakrishna;Gangwar Shri Santosh Kumar

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) the details of the surplus funds available to each Central Public Sector Enterprises (CPSEs) till date;

(b) whether the Government has allowed these CPSEs including Navratna and Miniratna to invest surplus funds in the share markets through mutual funds;

(c) if so, the details thereof alongwith the quantum of profit likely to be made by the CPSEs therefrom; and

(d) the steps taken/proposed to be taken by the CPSEs to compete with private sector players through this process?

Answer

THE MINISTER OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV)

(a); As per Public Enterprises Survey, 2006-07, the Central Public Sector Enterprises (CPSEs) had a cash and bank balance of Rs. 2,03,260 crore as on 31.3.2007. Details of CPSEs having surplus funds in the form of cash and bank balances of more than Rs. 100 crores as on 31.3.2007 is annexed.

(b): Government have allowed only Navratna and Miniratna CPSEs to invest in SEBI regulated public sector mutual funds subject to fulfillment of certain conditions.

(c) & (d): Investments of surplus funds by Navratna and Miniratna CPSEs in schemes of such mutual funds, having equity investments, should not exceed 30% of the available surplus funds of the concerned CPSE. Further, the Board of Directors of these CPSEs will decide the guidelines, procedures and management control systems for investment in such mutual funds in consultation with the Administrative Ministries. The quantum of profit from such investments is dependent upon the performance of the schemes of mutual funds in which investments have been made. CPSEs which compete with private sector enterprises are on a level playing field with them in terms of investment options.